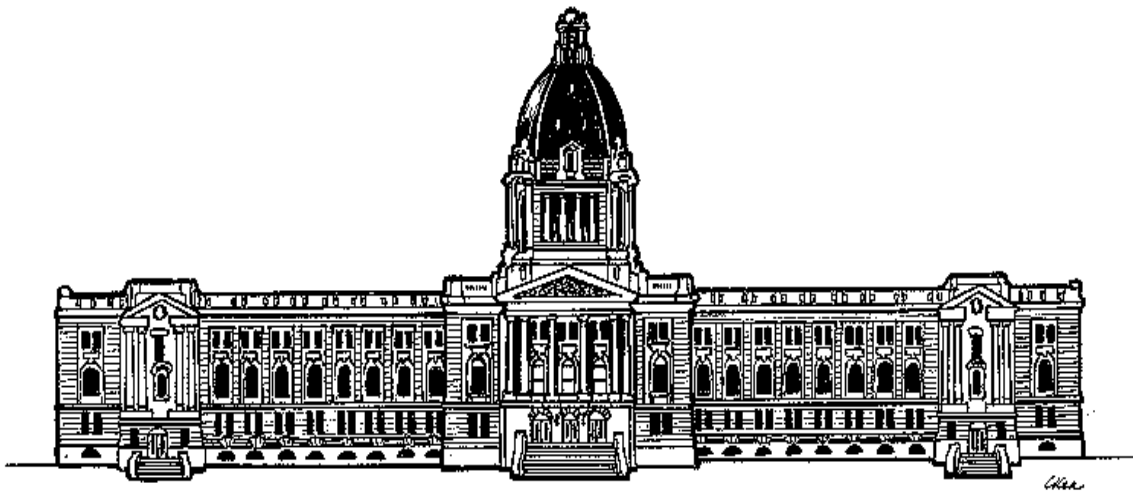




# **STANDING COMMITTEE ON THE ECONOMY**

## **Hansard Verbatim Report**

**No. 52 – June 11, 2007**



**Legislative Assembly of Saskatchewan**

**Twenty-fifth Legislature**

**STANDING COMMITTEE ON THE ECONOMY  
2007**

Ms. Doreen Hamilton, Chair  
Regina Wascana Plains

Mr. Randy Weekes, Deputy Chair  
Biggar

Hon. Deb Higgins  
Moose Jaw Wakamow

Mr. Delbert Kirsch  
Batoche

Mr. Eldon Lautermilch  
Prince Albert Northcote

Mr. Lyle Stewart  
Thunder Creek

Hon. Kevin Yates  
Regina Dewdney

[The committee met at 15:26.]

### Enquiry into the State of Internal Trade in Saskatchewan

**The Chair:** — Welcome, everyone, to committee hearings week 2, and the change in location — the home of Andy Iwanchuk and Ken Cheveldayoff. I know that we'll be treated well. Already downtown Saskatoon has shown us a new method of routing and rerouting traffic as we speak, and it's been a beautiful day outside.

I would like to begin by telling committee members there is a package of written submissions in front of you and that your microphones are all on live video streaming right now . . . audio streaming right now, no video. So the cameras that were here were the press and they've left the room now. And the audio is on audio streaming to the legislature and on audio streaming processes.

With that, to understand that until we're finished our proceedings, what you are saying in and around your microphones can be picked up and audio streamed back to wherever. I'm just giving you that fair notice.

Of course the work before the committee is the letter from Hon. Harry Van Mulligen asking that we invite public and pertinent stakeholders to submit and deliver presentations concerning the state of internal trade in Saskatchewan including trade, investment, labour mobility barriers and the impact or potential impacts of the Agreement on Internal Trade and the Trade, Investment and Labour Mobility Agreement. Cabinet would be requesting these reports to be done after the consultations and submitted to the Legislative Assembly by June 29, '07. So we have a very tight time frame ahead of us, and a number of presentations before us this week.

With that I would begin the hearings with a change to the agenda as this: the Saskatoon and Region Home Builders Association wanted to present to us, and the person doing that was not able to catch the flight they wanted back here and so won't be with us this afternoon. I don't know if there will be a subsequent request for another day. And Humboldt and District Labour Council will make their presentation now, with the Saskatoon District Labour Council later in the week.

With that I then welcome, and thank them for their ability to move their presentation to this time slot, the Saskatchewan Federation of Union Retirees — Mr. Blake McGrath, who's president, and Gib Todd.

And as I've mentioned to committee members, what you would like to have audio streamed or written into our *Hansard* proceedings, if you would do that as part of your verbal presentation to committee. Your written submission or any other paper that you want to submit to committee will go to all members but wouldn't become a part of the recorded *Hansard* unless you read it into the record.

With that I'd ask you to introduce yourselves and begin your presentation. We'll leave about 15, 20 minutes for your overview and then open to committee questions and answers.

### Presenter: Saskatchewan Federation of Union Retirees

**Mr. McGrath:** — Thank you. My name is Blake McGrath. Gib, do you want to introduce yourself?

**Mr. Todd:** — Yes, my name is Gib Todd.

**Mr. McGrath:** — We'll go ahead now with our presentation, and I don't think it'll require the full 15 minutes unless we do some ad libbing and maybe some questions back and forth.

Ms. Chairperson, members of the committee, and others, my name is Blake McGrath, and I'm the president of the Saskatchewan Federation of Union Retirees — the SFUR. The SFUR is the provincial wing of the Congress of Union Retirees, CURC — C-U-R-C — who represent retired senior workers and their families throughout Saskatchewan. With me today is Gib Todd, the first vice-president of our organization. On behalf of the SFUR, we thank the Standing Committee on the Economy, the government, and the opposition for providing us with the opportunity to present our thoughts about the Trade, Investment and Labour Mobility Agreement — TILMA.

Portions of this brief was presented to the cabinet in March. TILMA — a shuffle backwards and down the steps of human progress, this thing dressed in sheep's clothing — is a second stage of the North American Free Trade Agreement, but now with some teeth showing, we can begin to see it for what it is.

The Trade, Investment and Labour Mobility Agreement is a misnomer to any average Canadian insofar as their expectations of government, federal or provincial. We say that because while the existing Agreement on Internal Trade — which was negotiated between the federal government and provinces more than a decade ago — may have had some irritants, no one or almost no one were seeking panels that could brush aside our existing laws and human rights and entertain the rights of both foreign individuals and corporations the right to bring lawsuits against provinces and local governments of up to \$5 million, where this could be accomplished simply because our governments failed to treat foreign individuals and corporations the same in all matters as local and domestic ones.

How do you think it would work with a small city that, let's say, continues to choose to have its own garbage pickup and landfill system or farmers continuing to use community pastures or perhaps the Saskatchewan crop insurance plan or of course there are old grandparent Crown corporations of power, gas, telephones, insurance, and bus service? Our grandchildren sometimes go to school in a public-owned school buses. Maybe private operators in America or Mexico wanted to bid on them. Naturally our generation and our parents before us who elected government that led the way in building these institutions will give no quarter on surrendering them or seeing them jeopardized to appease the basis of TILMA.

In order to get Saskatchewan on board, it is not hard to imagine that promoters would hold their . . . [inaudible] . . . and say, okay you can keep what you have unless you change your mind — as in the event of a different government — providing you cease your public enterprises in the future except those suitable to TILMA, which are . . . We're equally opposed to forfeiture

of the right of future generations to do what we have done. We must continue to have the unencumbered right to have the choice of public ownership or otherwise.

Deregulation to the lowest common denominator. The procedure of levelling off educational achievement, trades training, government laws, and protective regulation act with that province that has the least would be a betrayal of the billions of dollars that parents have spent and students have earned and forfeited in an effort to be more, education- or training-wise.

It would be a backhand to generations of those civil servants who cared about their role and worked tirelessly to make a simple law meaningful, fair, and understandable and remain current and useful if it was. We need to keep these skills and a high level of governance for the day when our finite resources are gone and our future generations must live by their knowledge, their ability to grow, and their wits.

Labour mobility. Canadians have never had trouble moving to where the jobs or the better-paying jobs are. So far the reason for that of course is that for some time Alberta has had the reputation of paying the higher wages in Canada and at the same time has the lowest or nearly the lowest requirement of training, qualification for many or most of the tasks that are required. With the wealth they can attract greater talent.

The TILMA bias for deregulation and bringing regulation and new workers' requirements to the lowest existing level, which is Alberta, will not be appreciated by professionals, tradespersons, or consumers. However the higher earnings will still bring them. In reality it does nothing to improve labour mobility more than what is being done under the conventional methods. It is higher earnings, not TILMA, which is and will be the incentive.

We are retired but we feel we are able to make a valuable contribution to the society we live in. We live in a great province in a great country. We become gravely concerned when we see our lifestyle threatened, and we view TILMA as a threat.

As Canadians and residents of Saskatchewan, we enjoy democratic privileges unknown in most countries around the world. Our political system allows us to belong to and/or support various political parties of our choice. In fact we can start our own political party. We are free to elect the type of government that a majority of our voters support. It can be left-wing, right-wing, or middle-of-the-road, socialist inclined or free enterprise. We are able to participate both federally and provincially and at the municipal level.

Governments are elected on the strength of their platforms and philosophical bias. Provincial citizens can determine the standards and quality of health care, education, social services, transportation, and utilities they enjoy by the government they elect, both at the provincial level and the municipal level. Governments could be reluctant to maintain or improve standards that are better or more socialist driven when the consequence could be a lawsuit from individuals or corporations of up to \$5 million — a lawsuit that appears exceptionally easy to pursue.

Perhaps the committee are aware of the judge in Washington, DC [District of Columbia] suing industrious Vietnam immigrants who run a small dry cleaners for millions of dollars because they lost his pants. That's real, and he's a judge. We'll talk about it later. He was already offered \$68,000.

In Saskatchewan, our Crown corporations are a world-class example of a system of rewarding the people of the province with the benefits of managing our assets and resources for everyone. Our working people, the trades, the professions are exceptional. The standards are as good or higher than any in Canada and we must maintain this excellence.

Working people have never experienced any difficulty going to where the jobs are or going to where the wages are higher. Workers from Saskatchewan are well known for the work ethic across Canada. They are often sought out by recruiters from other provinces. TILMA offers nothing to improve labour mobility, as it is accomplished with ease now. TILMA could affect the ability to continue to govern responsibly.

The Agreement on Internal Trade appears to have served this country and this province well to date. If needed, amendments can be attached to this agreement. It would seem apparent that this is one case where if it's not broken, don't fix it. TILMA should be rejected outright.

We would appreciate a copy of the report from your committee. And thank you for hearing us today. If you have any questions, you can address them to us.

**The Chair:** — Thank you very much for your presentation and the time to be before committee. I'll open up to questions. Mr. Chisholm.

**Mr. Chisholm:** — Well thank you. Thank you, Madam Chair, and thank you for the presentation. I just had a little bit of a question regarding some of the evidence that has been prepared and specifically at the request of the Saskatchewan government regarding what the effect of TILMA would be on the province of Saskatchewan. And initially, there was a Conference Board of Canada study done entitled *Death by a Thousand Paper Cuts* where they established that the lack of labour mobility and investment mobility and restrictions to internal, non-tariff trade barriers within the country were certainly considerable.

British Columbia contracted with the same Conference Board of Canada to prepare a report for their province. The determination in that report came up with an increase in the GDP [gross domestic product] for the province of BC [British Columbia] of \$4.8 billion and 78,000 additional jobs as the effect of the TILMA when it is in full, has come to full fruition.

The Saskatchewan government then hired the same firm, the Conference Board of Canada, to prepare a report for the province of Saskatchewan. And the results of that report indicate that it would increase the GDP of the province of Saskatchewan by some \$291 million and create some 4,400 additional jobs. So I just wondered if you'd like to comment if you agree with those numbers, or if you don't, what numbers you have at your disposal as to the actual positive effect that the TILMA will have for the province.

**Mr. McGrath:** — As a matter of fact I don't have any figures at my disposal. I didn't ask that. But I question the report — both the reports, as a matter of fact. I think it said 70,000 or 78,000 new jobs. Well if it created 78,000 new jobs, the new jobs must be going, they must be begging to somebody to fill them because employment has never been at a lower rate than it is in Canada. They've got recruiters running across Canada trying to get people into BC and into Alberta and into Saskatchewan to work. Now if there's that many more new, when there are that many jobs . . . There were jobs empty before TILMA that couldn't be filled because there was no workers. How did those jobs get filled?

**Mr. Chisholm:** — Well maybe I could just add . . .

**Mr. McGrath:** — Now let me . . .

**Mr. Chisholm:** — Those jobs haven't been . . .

**The Chair:** — Just a minute, Mr. Chisholm. Are you wanting to finish your remarks, Mr. McGrath?

**Mr. McGrath:** — Well it's all right. If the jobs haven't been filled well then they're meaningless to our discussion.

**The Chair:** — Mr. Chisholm.

**Mr. Chisholm:** — The study indicated that when TILMA comes into full force — which will be a number of years — that the effect will be an increase in the economic activity of \$4.8 billion, which will require some 78,000 additional people to be able to pull that off. That's where the \$78,000 number comes. It's from the amount of activity that will be created and the number of people that are required to do that activity.

**Mr. McGrath:** — The report I saw, it said that the jobs were there already and filled. If it does create that many jobs — and I highly doubt it; I question it — if it does create that many jobs, we won't have anyone to fill them. The fact of the increase of the GDP, I believe that the GDP will increase — I don't know to what extent — and is increasing now. Some of the contributions to that is things like the real estate boom that is going on in both Regina and Saskatoon. That's reflected in the GDP as far as I know, and that's going crazy. With the existing people that were in place before the boom and are still in place during the boom, I think that those figures are questionable. I received a letter from your leader telling me the same thing. And I question that, if the figures are accurate, that we can fill the number of jobs unless we have a lot of immigration, which I certainly support that we need immigration. Maybe then we could fill those jobs.

**The Chair:** — Do you have a follow-up question, Mr. Chisholm?

**Mr. Chisholm:** — No.

**The Chair:** — Ms. Crofford.

**Ms. Crofford:** — You've raised an issue that a lot of people have raised, including the mayor of Regina — we have yet to hear from the mayor of Saskatoon — but that's the impact on the democratic decision-making process. And I'm wondering

what it was in your study of the agreement or your reading of it that led you to that conclusion.

**Mr. McGrath:** — Well I agree with their . . . I think that we would lose the ability to govern and lose the . . . And it doesn't matter what party it is. And I certainly don't mind business people liking to govern the province or socialists liking to govern the province, and I know what to expect from both parties. And I think that it will be equally harmful on business-oriented government or social-oriented government because the courts will be full of people. I believe it's too easy to proceed to law through this agreement, to sue for an amount of up to \$5 million.

Now that's a great deal of money. Perhaps it isn't to a lot of corporations, which I know it isn't. But that's a great deal of money, and it means any city councillor, any MLA [Member of the Legislative Assembly] are going to be concerned when they make a decision that could be construed as to reflecting on the ability of a corporation or a business to come into our province and operate.

**Ms. Crofford:** — So it's your view that people would prevent themselves from making those decisions because they would anticipate that they could get sued if they make that decision.

**Mr. McGrath:** — I would say so. Regardless of what your party is.

**Ms. Crofford:** — And I just finally, it's your view that wages and the availability of jobs is what causes people to be mobile.

**Mr. McGrath:** — Plus people that want to travel the world. I've worked, you know, I've worked in every province west of Quebec and have never ever had a problem. And I've always been quite active in the communities and in the job forces there where I worked.

**Ms. Crofford:** — What kind of work did you do?

**Mr. McGrath:** — My last job was at Thompson, Manitoba at Inco. I was local union president. I was a maintenance mechanic in the mines at Thompson. I worked at Algoma Steel. I worked a number of years for Dominion Bridge in Alberta and BC.

**Ms. Crofford:** — This was all before the Red Seal program even.

**Mr. McGrath:** — Yes, yes. I'm a little older than that, but I'm familiar with the Red Seal program.

**Ms. Crofford:** — Thank you very much.

**Mr. McGrath:** — And there's never been a problem with travelling.

**Ms. Crofford:** — Okay. Thank you.

**The Chair:** — Mr. Yates.

**Hon. Mr. Yates:** — Thank you very much. There's a couple of standard questions I like to ask each of the groups that are presenting to the committee. One, we currently have, as you

have mentioned in your report, the AIT [Agreement on Internal Trade], which is a national agreement on trade. I've asked virtually every presenter what they believe the approach, Saskatchewan's approach, should be on dealing with trade.

Currently the AIT is in place. It governs the same areas that are covered by the TILMA agreement but without the same reverse onus, I guess. TILMA applies the reverse onus from the AIT so that if you don't resolve the issue through negotiations or a mutual agreement, it is then decided by a trade panel. And so my question is, do you think that the provincial government's approach to trade should be on a national basis or through regional agreements?

**Mr. McGrath:** — I think it should be on a national basis, and I think the Agreement on Internal Trade is an agreement that is, I think, a good agreement. And if my understanding of it is correct, it can be amended. I think they say they attach letters to it or they attach amendments to the agreement. And I think that that would be the route to go.

I think TILMA is an agreement that wishes to continue to promote the idea of chasing the dollar, chasing the bottom line, and that nothing else should be recognized but the ability to make lots of money.

Well I always liked employers that I worked for to make a lot of money because I used to try and negotiate a lot of it away from them for us. And I've never worried about a person or any corporation making a profit. All I've ever worried about in my lifetime is how they treated the people that were working for them to make that profit and how they shared it with them. I believe TILMA will take that away. I believe TILMA will take away the ability for us to have in Saskatchewan . . . And you people who have all around this table have all lived in Saskatchewan much longer than I have. It's always been to all of Canada considered a socialist province. And I agree it is, and I like the type of socialism that they have in this province, and I think that TILMA puts that to risk.

Now the Saskatchewan Party — and I'm not being critical when I say that — as I understand the Saskatchewan Party, they would like to make it a little easier for businessmen to do business and maybe get part of the business which we call Crown corporations away from us. Now that's fine. That's your commitment, and that's what your platform's on. And you don't hide it, and I respect you for that. And I respect you for it.

I don't particularly want that type of government, and I would rather live in a province or a place where we don't have that type of government. And I think that TILMA is an outgrowth of the trade agreements and that that will make it easier for business and easier to get rid of things like Crown corporations and a socialist aspect. And I'm not being critical, and I don't want you to take the idea that I'm being critical or saying that I dislike you or dislike your party for that.

**Hon. Mr. Yates:** — Thank you very much, Madam Chair. That's my only question.

**The Chair:** — Mr. Weekes.

**Mr. Weekes:** — Thank you, Madam Chair. Thank you for your

presentations. A clarification before I ask a question. The Saskatchewan Party doesn't have a policy of privatizing Crowns. I just want to make that clear.

In your presentation you had said during your years as a union leader your only concern, you weren't concerned with a company's profitability. You were only concerned with getting more for your workers. I would just ask the question: if a company wasn't profitable and went bankrupt, did that do your workers any good?

**Mr. McGrath:** — I didn't ever set out to bankrupt a company.

**Mr. Weekes:** — Well I didn't say you did but . . .

**Mr. McGrath:** — And I, but I never . . .

**Mr. Weekes:** — If a company isn't profitable, there won't be many jobs. There won't be any increases in wages.

**Mr. McGrath:** — That's right, and that's why I said I like them to be profitable. And I think what I said . . . I'd have to go back to what I said. Yes. I think that I said that I like them to be profitable.

**Mr. Weekes:** — That's all. Thank you.

**Mr. McGrath:** — And I'd like to elaborate. Not that I wanted to negotiate all that profits away from them. They have to put money back into the company, money into the communities where they operate, and money into our wages. And I wanted to, I said . . . I didn't say that I wanted them to be profitable so that I could negotiate away from them. I said that I was concerned about the way, how they treated their employees to make those profits, to make sure that the employees had safe workplaces, good jobs, and kept the company going.

**The Chair:** — Mr. Weekes, you've concluded? Mr. Iwanchuk.

**Mr. Iwanchuk:** — A question, we've had some discussions that in fact TILMA would not protect, as we've got here, old grandparent Crown companies, that it would open the door on that. I notice you haven't talked a lot about that. Do you have any comments of what you think TILMA would do to Crown corporations?

**Mr. McGrath:** — I think that it could be . . . One of my problems is I think that TILMA could open the door to get rid of the Crown corporations. Because it seems that you can very easily launch a suit saying that . . . Under TILMA to keep a Crown corporation, I don't see where it would not be possible to launch a suit — because as I say, it seems very easy to pursue that suit — saying that because of a Crown corporation, I'm not able to bring my business here and make a profit and operate.

**Mr. Iwanchuk:** — Okay. Thank you.

**The Chair:** — Mr. Chisholm, you have a subsequent question.

**Mr. Chisholm:** — Just a question regarding that, the Crown corporations and the lawsuits that you're projecting and the end of the Crown corporations, I think it's fairly interesting to know that there's some very large Crown corporations in the province

of British Columbia, and they were and are party to this agreement. So they couldn't obviously had quite the same concerns that you have.

**Mr. McGrath:** — Quite possibly not, but I'm sure that some of them do have the same concerns there.

**The Chair:** — Any questions of our presenters today? Seeing none, I thank you very much for the thoughtful presentation you've put in front of us and for standing up to the question and answer period attached to that.

As I mentioned, anything that you've read into the record in audio way will be recorded. If there would be, in the time frame that we have available to us, additional information you have on hand or want to have committee have, you can send it through the Clerk's office and we would all become party to that information. Thank you again for your presentation.

**Mr. McGrath:** — Thank you.

**The Chair:** — I think just as a matter of interest, it would be good to note for you that next week we will have a chance to speak with officials from Alberta and British Columbia and our own officials to ask questions. We're formulating a number of them from the presentations, and certainly there's some around the Crown issue and others so that we're clear on what that means for our province. And at the end of the day, we won't be making recommendations to our ministers, but we will provide them with the base of information from everything we've gathered from the presenters before us.

**Mr. McGrath:** — Thank you.

**The Chair:** — And you asked about the report. It will be a public document at the end of the process and we'll make certain to record that you'd like to receive a copy.

**Mr. McGrath:** — Yes.

**The Chair:** — Thank you. Ms. Crofford.

**Ms. Crofford:** — Just for my own clarity, these briefs that we get that are written briefs, how do they end up in the process? Is that . . .

**The Chair:** — They're recorded in the minutes as the document is received. And I'll ask Viktor to comment on how they're handled.

**Mr. Kaczowski:** — Yes, Ms. Crofford. All the written documents are received, recorded in the minutes as being received, and the committee researcher reviews them and includes the comments in the reports just as he would include the comments received in person by witnesses.

**Ms. Crofford:** — If there are questions they've had or concerns they raise, they're all included in the research?

**Mr. Kaczowski:** — Yes. That is correct.

**Ms. Crofford:** — Okay. Thanks very much.

**The Chair:** — Thank you. So then just to refresh the committee on your homework, so to speak, what we're going to be doing through the week again is collecting those questions that we would feel important to send to the officials from British Columbia and Alberta. And we have sent some off this weekend, and we'll do that next weekend as well, so they're prepared with that information base of some of the things we'll be interested in asking them, as well as the questions that you think that you want to present on your own, get them ready for the committee.

We are beginning to look at the format for the report, and at some point we want to talk about, before we leave this week, how our researcher is beginning to develop the outline or the framework for the report, so you can have a chance to look at that. And we would probably, very shortly after the presenters have been before us from the provinces, want to quickly after that look at the draft of the material that's been presented to us in a format that we will have those last few days to come together and then the final few days to do the review of the final draft. So that's the work of the committee and sort of the process I'm following unless I hear comments otherwise.

So if you'd begin to, in your mind, frame that as, you know, the essay before you, the outline of your work, those kinds of things. Yes, Mr. Weekes.

**Mr. Weekes:** — Thank you, Madam Chair. Just to clarify, you said that the committee will not be making a recommendation, or we will not be expected to make a recommendation to the minister.

**The Chair:** — Not in the question before us. What's before us is to invite the public and pertinent stakeholders to submit and deliver presentations concerning the state of internal trade in Saskatchewan — and we're gathering that — including trade, investment, labour mobility barriers which we would want to include in our report, and the impacts or potential impacts of the Agreement on Internal Trade and the Trade, Investment, Labour Mobility Agreement. So we would offer what we see as the impacts or the potential impacts of both agreements or any other discussion of presenters bringing forward their ideas on what trade agreements should be in place for Saskatchewan or internal trade agreements in the country.

So that's the job, I believe, before us . . . [inaudible interjection] . . . All right. Okay. And I'm also notified by the Clerk that, pursuant to the rule, our committee can, if we are desiring to do so, we're not precluded from making recommendations within that report. That's the work of what this committee does.

**Mr. Weekes:** — Thank you.

**The Chair:** — Good. Well I will then move adjournment of our committee or ask a committee member to move adjournment since it's before our time frame. Mr. Chisholm moved. All those in favour? Opposed? Carried.

Thank you again for coming together today and hearing our presenters. We'll reconvene in this room tomorrow 9 a.m., and the first presenter will begin to present.

[The committee adjourned at 16:00.]